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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

C0070045
Outgoing
#3776
R

July 14, 2011

Gina Rau, Environmental Manager
Headwaters, Incorporated
10653 South River Front Parkway, Suite 300
South Jordan, Utah 84095

Subject: 2010 Annual Report Review Completion, Task ID #3776, Headwaters, Inc., COVOL Coal Processing Plant, Permit C/007/0045

Dear Ms. Rau:

The Division staff has completed the review of the 2010 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on July 14th, 2010.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/SKC/ss
cc: Price Field Office
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Annual Report

Date

7/14/11

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 31, 2011**. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name COVOL Engineered Fuels LC

Mine Name COVOL

Permit Number C/007/0045

Permit expiration Date 2014-09-01

Operator Name COVOL Engineered Fuels LC

Phone Number +1 (435) 613-1631

Mailing Address 1865 West Ridge Road

Email grau@headwaters.com

City Wellington State UT Zip Code 84542

CERTIFIED REPORTS

DOGM File Location or Annual Report Location

Excess Spoil Piles

☐ Required☒ Not Required

Refuse Piles

☐ Required☒ Not Required

Impoundments

☒ Required☐ Not Required

Other: Burrowing Owl Survey

A copy of the inspection report is contained in Appendix A of this report.

A copy of the report is contained in Appendix B of this report.

OPERATOR COMMENTS

The annual impoundment inspection and certification was performed on December 14, 2010 for the two basins at Covol's Wellington facility. The inspection report is contained in Appendix A of this report.

A burrowing owl survey was performed at Covol's Wellington facility on June 1, 2, 14, and 16, 2010. The report for this survey is contained Appendix B of this Annual Report.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Mr. Richard B. White, Utah registered professional engineer, of EarthFax Engineering inspected the East and West sediment ponds at the COVOL facility on December 14, 2010. These inspections were conducted as the fourth quarter 2010 and annual impoundment inspections and certifications for these impoundments. Minor, insignificant erosion rills were observed. No signs of instability were detected for either pond; both ponds are incised. Both ponds had adequate sediment storage capacity remaining below the 60 % cleanout level. These inspections and certifications were reviewed and documented in the January 4, 2011 DOGM inspection report # 2606. The P.E. certification stamp is signed and dated in accordance with R156-22-601. These inspections meet the requirements of R645-301-514.310 and 514.311.

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as an attachment to this report or currently on file with the Division.

Please List Attachments:

The 2010 Burrowing Owl Survey

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

On June 1 and 2, 2010 a Burrowing owl survey was conducted at the Covol site by Pat Collins, (Mt. Nebo Scientific), Joe Helfrich, (DOGM biologist) and assisted by Gina Rau from Covol. The survey consisted of a morning and evening survey of the prairie dog colony along the east, south and west sides of the facility. Since the prairie dog colony is critical habitat for the Burrowing owl the Division had conditioned the permit to include a survey in 2010. The survey and report indicated that there were no Owls observed in the immediate vicinity of the colony.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

The Division is Requesting that each Permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as an attachment to the report.

LEGAL/ FINANCIAL UPDATE

Included

DOGM File Location or Annual Report Location

N/A

☐☐☐☐

REVIEWER COMMENTS

☒

Met Requirements

☐

Did Not meet Requirements

The legal/financial information was updated during the mid-term review process that was completed on April 5th, 2011. No additional revisions are warranted at this time as the updated information has been incorporated into the approved Mining and Reclamation Plan (MRP).

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2010, are to be provided to the Division as an attachment to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
General Site Map, Wellington Dry Coal Cleaning Facility	Plate 5-1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Watershed and Drainage Map	Plate 7-2 (See MRP)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not meet Requirements

The Permittee submitted revisions to Plates 5-1, General Site Map and Plate 7-2, Site Watershed and Drainage Map on December 20, 2010 at the request of the Division inspector. This amendment/update to the MRP is identified as Task ID # 3715, and it was approved by the DOGM on February 17, 2011. The new plates were P.E. certified by Mr. Richard B. White of EarthFax Engineering on January 26, 2011.

OTHER INFORMATION

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as an attachment to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

Please List Attachments:

The 2010 Burrowing Owl Survey

REVIEWER COMMENTS

See comments above relative to the 2010 Burrowing Owl Survey.